

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF NATURAL)	CASE NO. 2004-00208
ENERGY UTILITY CORPORATION)	

ORDER

On December 18, 1991, in Case No. 1991-00138, the Commission approved rates for Natural Energy Utility Corporation (“Natural Energy”), formerly American Natural Gas Corporation, and provided for their further adjustment in accordance with Natural Energy’s gas cost adjustment (“GCA”).¹

On June 1, 2004, Natural Energy filed its proposed GCA to be effective July 1, 2004.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Natural Energy’s notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Natural Energy proposed an expected gas cost (“EGC”) of \$6.4125 per Mcf. Natural Energy incorrectly adjusted its EGC for line loss. Correcting for this error produces an EGC of \$6.2412, which is 83.7 cents per Mcf more than the previous EGC of \$5.4042.
3. Natural Energy’s notice sets out no current quarter supplier refund adjustment (“RA”). Natural Energy’s notice sets out no total RA.

¹ Case No. 1991-00138, Columbia Gas of Kentucky, Inc. Petitioner vs. Kentucky-Ohio Gas Company Respondent, Order dated December 18, 1991.

4. Natural Energy's notice sets out a current quarter actual adjustment ("AA") of (.75) cent per Mcf. Natural Energy proposed a total AA of 35.85 cents per Mcf. Natural Energy carried forward an incorrect quarterly AA from the second previous quarter. Correcting for this produces a total AA of (37.04) cents per Mcf, which is \$1.0722 per Mcf less than the previous total AA.

5. Natural Energy's GCA is \$5.8708 per Mcf, which is 23.52 cents per Mcf less than the previous GCA of \$6.1060.

6. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Natural Energy on and after July 1, 2004.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Natural Energy are denied.
2. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after July 1, 2004.
3. Within 20 days of the date of this Order, Natural Energy shall file with the Commission its revised tariff sheets setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 25th day of June, 2004.

By the Commission

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2004-00208 DATED JUNE 25, 2004

The following rates and charges are prescribed for the customers in the area served by Natural Energy Utility Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

<u>Monthly</u>	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
All Mcf	\$4.24	\$5.8708	\$10.1108

Minimum Bill

The minimum bill shall be \$10.1108